The Water Utility Enterprise

Final - June 1992

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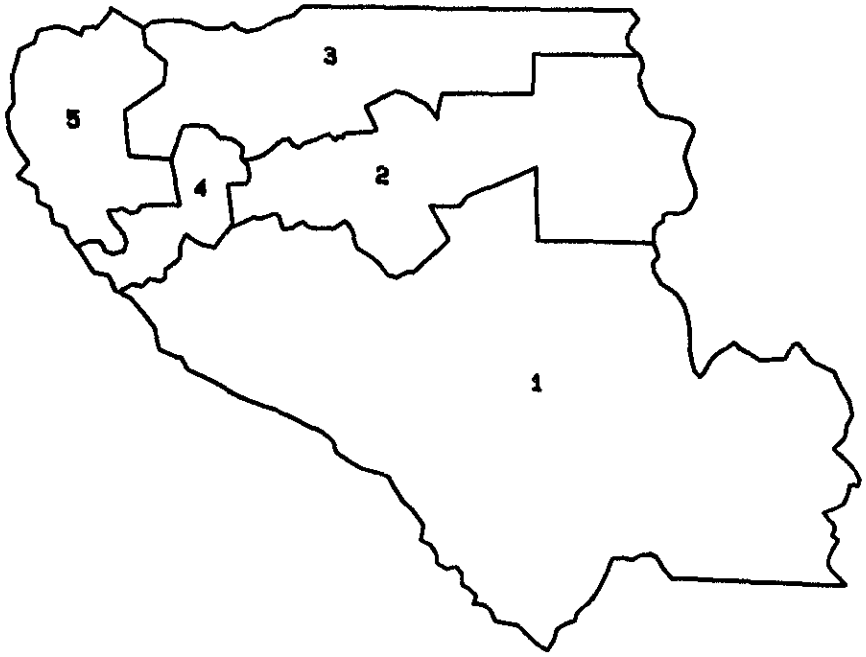
Santa Clara Valley Water District



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Board of Directors:

The availability of an adequate supply of good quality water has received the focus of public attention over the past several years due to an unprecedented five consecutive years of drought. In an environment of increasing demands for additional services and more stringent requirements, this District has also had to manage these current limited supplies. In April 1992, in response to improved water supplies, the District's Board of Directors lowered the 25 percent mandatory water use reduction program to 15 percent.

Water rates remain unchanged from last year. The services the District provides reflect the District's water utility mission: to provide a water supply of adequate quantity and quality to meet the desired quality of life in the community. In response to increasing costs to provide essential services, the District continues to review its goals and objectives and prioritize its programs within those goals. The programs reflected in this report outline a plan for continuing the District's commitment to providing a reliable high quality water supply for all of Santa Clara County.

For the next fiscal year beginning July 1, 1992 the groundwater charges for municipal and industrial water for Zones W-2 and W-5 remain $262.00 and $117.00 per acre-foot, respectively; the treated water charge remains $332.00 per acre-foot, and the agricultural rates remain $43.75 and $11.50 per acre-foot for Zones W-2 and W-5, respectively.

Ronald R. Esau
General Manager

June, 1992

This is the twenty-first annual report on the status of the Santa Clara Valley Water District's Water Utility Enterprise. The report provides the following information:

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Executive Summary

Local Supply

After 5 consecutive years of drought in Santa Clara County, rainfall for the current 1991-92 rainfall season (beginning July 1, 1991) was about 86 percent of average in the upper watersheds while the floor of the valley received slightly over 100 percent of average, and the local water stored in District reservoirs was 38 percent of capacity. Imported water stored in District reservoirs increased the total reservoir storage to 42 percent of capacity.

Imported Supplies

The District expects to receive 43,200 AF a reduction in water deliveries from the State Water Project, or 45 percent of the District's entitlement. The District's allocation from the Bureau of Reclamation for CVP deliveries is about 82,400 AF for 1992, or 54 percent of entitlement. The San Francisco Water Department is continuing a 25 percent water use reduction program and is expected to deliver about 57,000 acre-feet to retail agencies in the northern part of Santa Clara County in 1992. Thus the total imported water supply for calendar year 1992 is estimated to be 182,600 acre-feet.

Water Supply Management

On April 21, 1992 the District's Board of Directors approved a 15 percent calendar year water use reduction program for the County for 1992.

Water Utility Management

The District continues to evaluate its goals and objectives and prioritize projects to present the best water management program within financial constraints. Within these goals, projects are prioritized to graduate from immediate basic needs to enhancements which improve reliability, quality, and efficiency.

Water Supply Programs

In an effort to provide adequate and reliable water supplies while effectively managing its uses, the District is proceeding to update its water supply master plan. Current and future water demands are evaluated, with the aid of a demand model, and compared, within a system simulation model, to various alternatives to meet water shortages in both the long-term annual and critical dry periods. The District is actively pursuing permanent water transfers, conservation programs as part of the best management practices agreement with the State of California, and an expanded water reclamation program under a proposed new water reclamation policy. The District is completing a groundwater model to aid in both quantifying natural supplies and effectively managing the groundwater basins.

Construction Programs

The expansion of the in-county distribution system as defined in the 1975 master plan continues through the project planning, design, and construction phases. Additionally, changing treatment plant regulations, facility relocations during the Highway 85 construction, and maintenance on the District's expanding system add to the design and construction program. The construction of Coyote Dam Outlet Works was completed in January 1992. The field portion of Phase I of the Raw Water Control System is complete; the planning activities for Phase II began in fiscal year 1991-92. An Engineer's Report for Lexington Dam Freeboard Restoration is in progress. Milpitas Pipeline Phases I, II, and III were

awarded on September 24, 1991, January 21, 1992, and March 31, 1992, respectively. Engineer's Reports and environmental documents for the Parallel East Pipeline, East Reservoir and Delivery Main, and the Maple and San Pedro Recharge Facilities are proceeding. The pilot plant study to analyze alternative disinfection modifications was approved by the Board of Directors on April 14, 1992.

Water Quality Programs

The District's commitment to protect water quality and the groundwater subbasins continues. The District is faced with new and more stringent drinking water regulations that will result in increased expenditures for compliance. Expenditures include: oversight of the investigation and cleanup of fuel leaks, coordination with the Regional Water Quality Control Board on the investigation and cleanup of solvent cases and landfills, the nonpoint source pollution control program, the wellhead protection program, development of watershed management programs, participation in the State Water Resources Control Board's Bay Delta Water Quality Control Plan process, and implementation of corrosion control and disinfection by-product studies.

Financial Management

Based on projected revenues and expenditures on June 2, 1992, the District's Board of Directors voted to maintain the 1991-92 water rate for Fiscal Year 1992-93. However, should the State legislature reallocate the 1 percent ad valorem tax revenues, the District may need to reallocate limited resources.

Water Charges

Zone W-2 groundwater charges and equivalent basic user rates for 1992-93 remain $262.00 per acre-foot for municipal and industrial water and $43.75 per acre-foot for agricultural water. The treated water charges remain $332.00 per acre-foot. The Zone W-5 groundwater charges and equivalent basic user rates for 1992-93 remain $117.00 per acre-foot for municipal and industrial water and $11.50 per acre-foot for agricultural water.

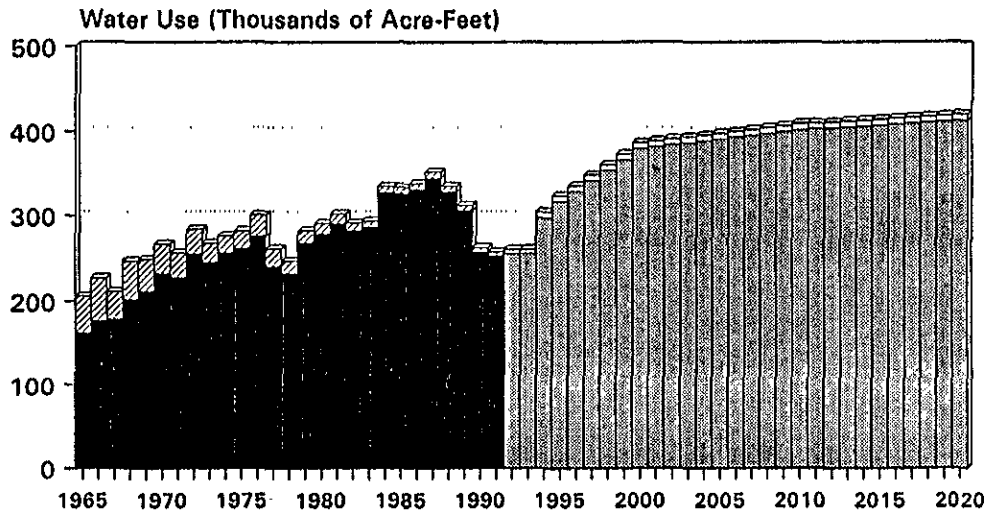
Recorded and Projected Water Use

Water use in Santa Clara County is categorized as either agricultural or municipal and industrial. Recorded fiscal year North County water use since 1964-65 and South County water use since 1987-88 are shown to the right. Metcalf Road is the dividing line between North County Zone W-2 and South County Zone W-5. The North County includes the Santa Clara Valley Groundwater Subbasin while both the Coyote and Llagas Groundwater Subbasins are in South County.

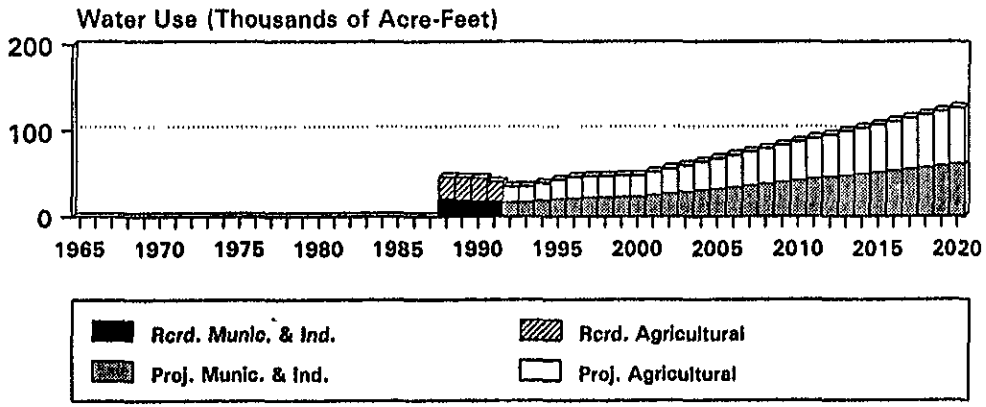
Water use in North Santa Clara County is predominantly municipal and industrial. Current projections indicate an increase through 2020 when the total annual water use is estimated to be 420,000 acre-feet. Agricultural water use is expected to continue to decrease through 2020.

In South Santa Clara County, it is anticipated that municipal and industrial water requirements will continue to increase while agricultural requirements will decrease. Installation of meters in South Santa Clara County will improve the recorded measurements. The latest land use projections in South Santa Clara County anticipated a total water use of about 125,000 acre-feet by 2020. These projections will be updated during fiscal year 1992-93.

North Santa Clara County, Zone W-2

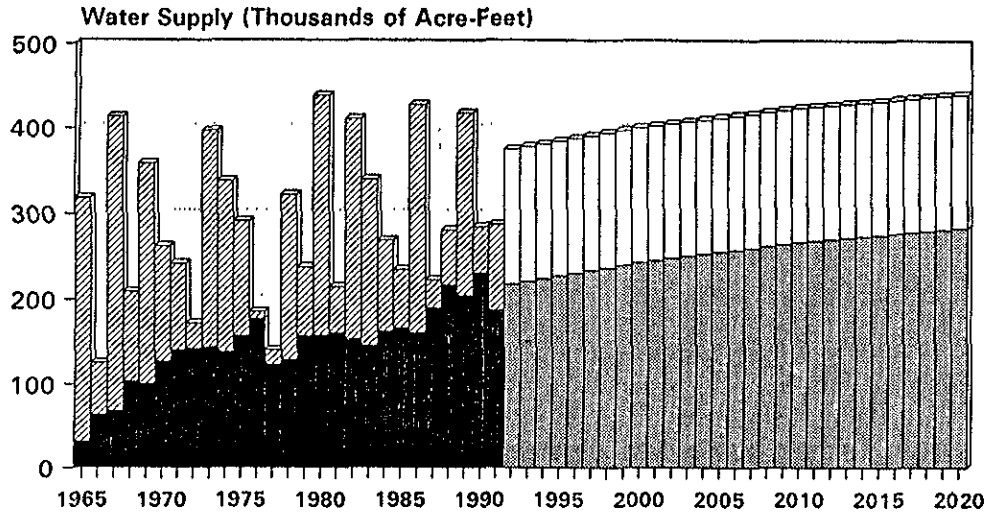


South Santa Clara County, Zone W-5

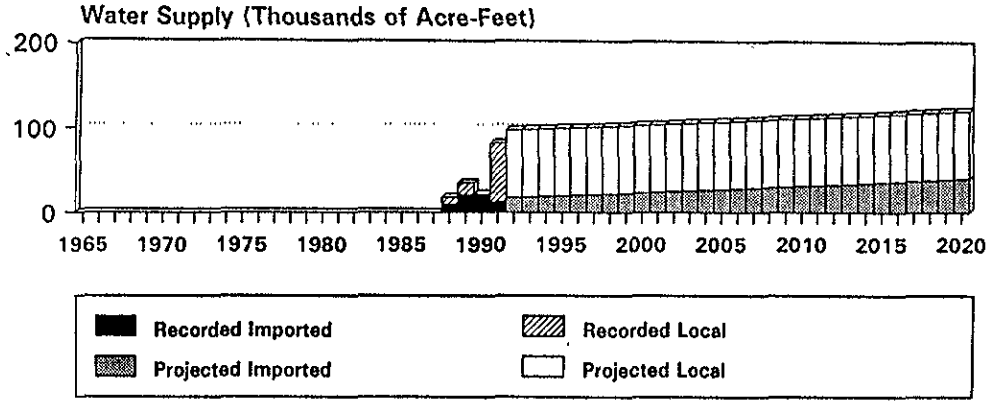


Recorded and Projected Water Supply

North Santa Clara County, Zone W-2



South Santa Clara County, Zone W-5



Present sources of water supply in North Santa Clara County consist of locally developed water and water imported via the State Water Project's South Bay Aqueduct, the Central Valley Project's San Felipe Division, and the San Francisco Water Department's Hetch Hetchy Aqueduct. The recorded water year annual water supply in North Santa Clara County since 1964-65 and South County supply since 1987-88 are shown to the left. South Santa Clara County is supplied by locally developed water and water imported via the San Felipe Division.

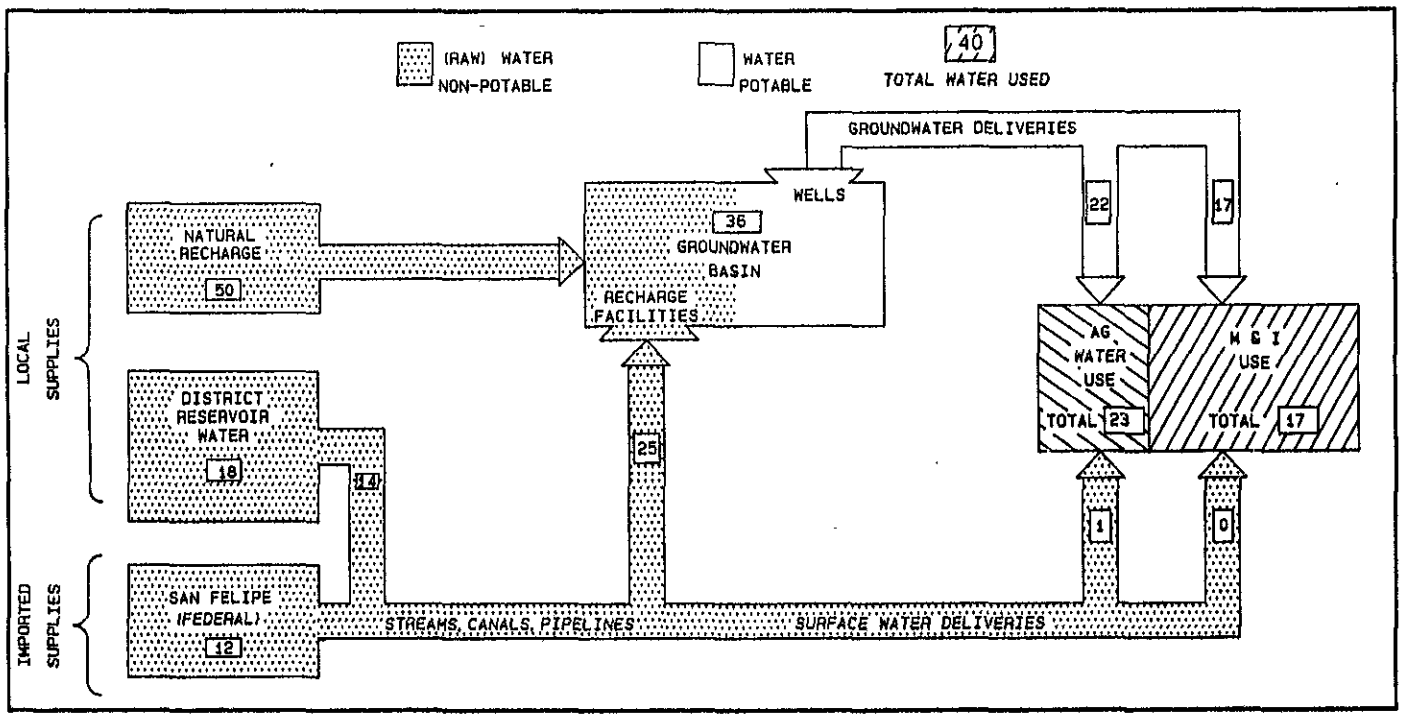
Mandatory water use reduction programs have been in place since 1989. Although in fiscal year 1991-92 local rainfall was about 86 percent of normal in the upper watersheds, substantial reductions in deliveries from both the State Water Project and the San Felipe Division are contributing to the current water supply shortage. The District anticipates reductions in water deliveries from the State Water Project and the San Felipe Division of 55 percent and 46 percent, respectively. As a result, for calendar year 1992, the Board has adopted a 15 percent demand reduction program.

Water Year 1990-91 Recorded Water Supply and Use

Rainfall in Santa Clara County during Fiscal Year 1990-91, the fifth consecutive drought year, was about 83 percent of normal, but local reservoirs contained only 35 percent of capacity even after the March rains. Faced with very limited local supplies, a 75 percent reduction of the San Felipe Division entitlement, and an 80 percent reduction from the State Water Project, the District's Board of Directors, on March 26, 1991, established a mandatory 25 percent reduction from the 1987 water use. Actual reduction by major water retailers in calendar year 1991 was 28 percent countywide. Additional water was also purchased from the State's Drought Emergency Water Bank and the Placer County Water Agency and conveyed through the South Bay Aqueduct. Late in calendar year 1991, additional water was also made available from the State Water Project.

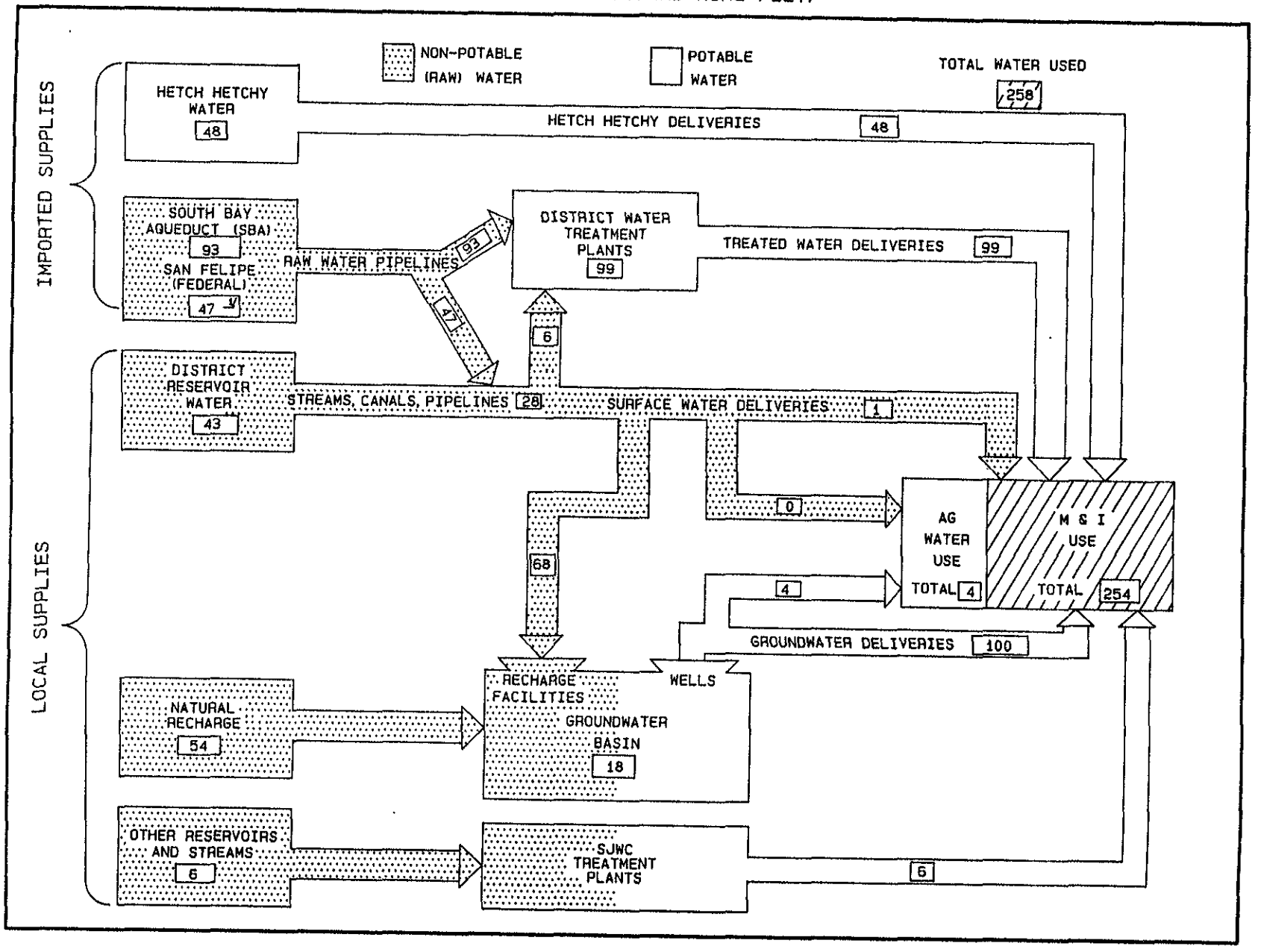
The water supply and use charts on pages 6 and 7 cover the period from October through September, and the changes in storage in the groundwater subbasins are as of October. Because groundwater delivery data was recorded only semiannually, this data is for the period July 1990 through June 1991. The October storage from these charts is available in the following calendar year as shown on the calendar year water supply and use charts on page 8.

WATER SUPPLY & USE
SOUTH SANTA CLARA COUNTY
(ZONE W-5)
Water Year 1990-91
(VALUES IN THOUSAND ACRE-FEET)



PRELIMINARY - SUBJECT TO REVISION

NORTH SANTA CLARA COUNTY
(ZONE W-2)
Water Year 1990-91
(VALUES IN THOUSAND ACRE-FEET)



1/ INCLUDES 3,000 AF OF SAN FELIPE WATER OUT OF RESERVOIR STORAGE
PRELIMINARY - SUBJECT TO REVISION

Recorded Calendar Year 1991 Water Supply and Use

SUPPLY	CY 1991
San Jose Water Company	7,000
Hetch-Hetchy (62% of 76,000 AF)	47,000
State Water Project (30% of 94,000 AF)	28,000
San Felipe Project (25% of 152,000 AF)	38,000
Yuba Water (via SBA)	25,000
Placer Water (via SBA)	14,000
Local Supply:	
Santa Clara Subbasin	91,000
Coyote and Llagas Subbasins	64,000
Supply From CVP Hardship Request/Transfer	10,000
Supply From State Drought Emergency Bank	20,000
Total Supply	344,000

USE	CY 1991
1987 Base Year Total Use	393,000
Water Use Reductions (26% of base year)	
North County	101,000
South County	2,000
Total County	103,000
Total Use	290,000

RESULTING GROUNDWATER STORAGE CHANGE	
Santa Clara Subbasin	18,000
Coyote/Llagas Subbasin	36,000
Total Groundwater Storage Change	54,000

1992 Calendar Year Water Supply and Use Projections

SUPPLY	CY 1992
San Jose Water Company	10,000
Hetch-Hetchy (75% of 76,000 AF)	57,000
State Water Project (45% of 96,000 AF)	43,000
San Felipe Project (54% of 153,000 AF)	82,000
Local Supply:	
Santa Clara Subbasin	118,000
Coyote and Llagas Subbasins	69,000
Total Supply	379,000

USE	CY 1992
Projected Demand	410,000
1987 Base Year Total Use	393,000
Water Use Reductions (15% of base year)	
North County	52,000
South County	6,000
Total County	58,000
Total Use	352,000

RESULTING GROUNDWATER STORAGE CHANGE	
Santa Clara Subbasin	0
Coyote/Llagas Subbasin	27,000
Total Groundwater Storage Change	27,000

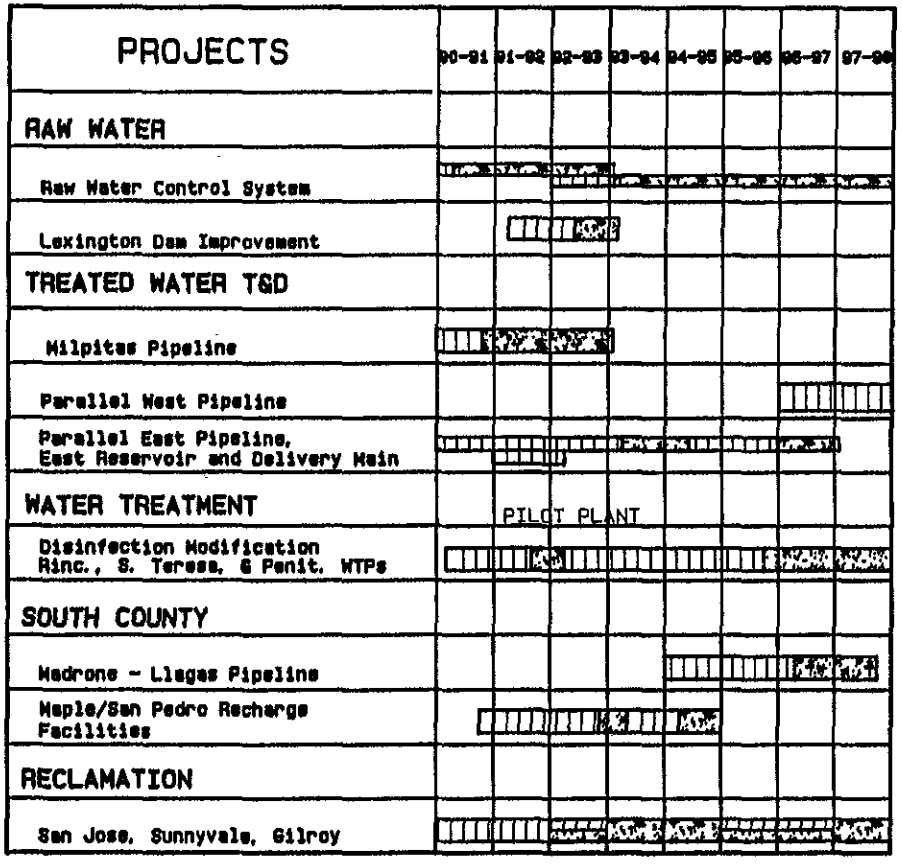
Future Capital Improvements

The chart on this page details schedules of major projects impacting the water utility. Additional future projects not shown include water conservation best management practices, abandonment of Evergreen Canal and Coyote Canal Extension, and Hetch-Hetchy Connection.

The map on the following page shows the location of the District's major existing and proposed facilities.

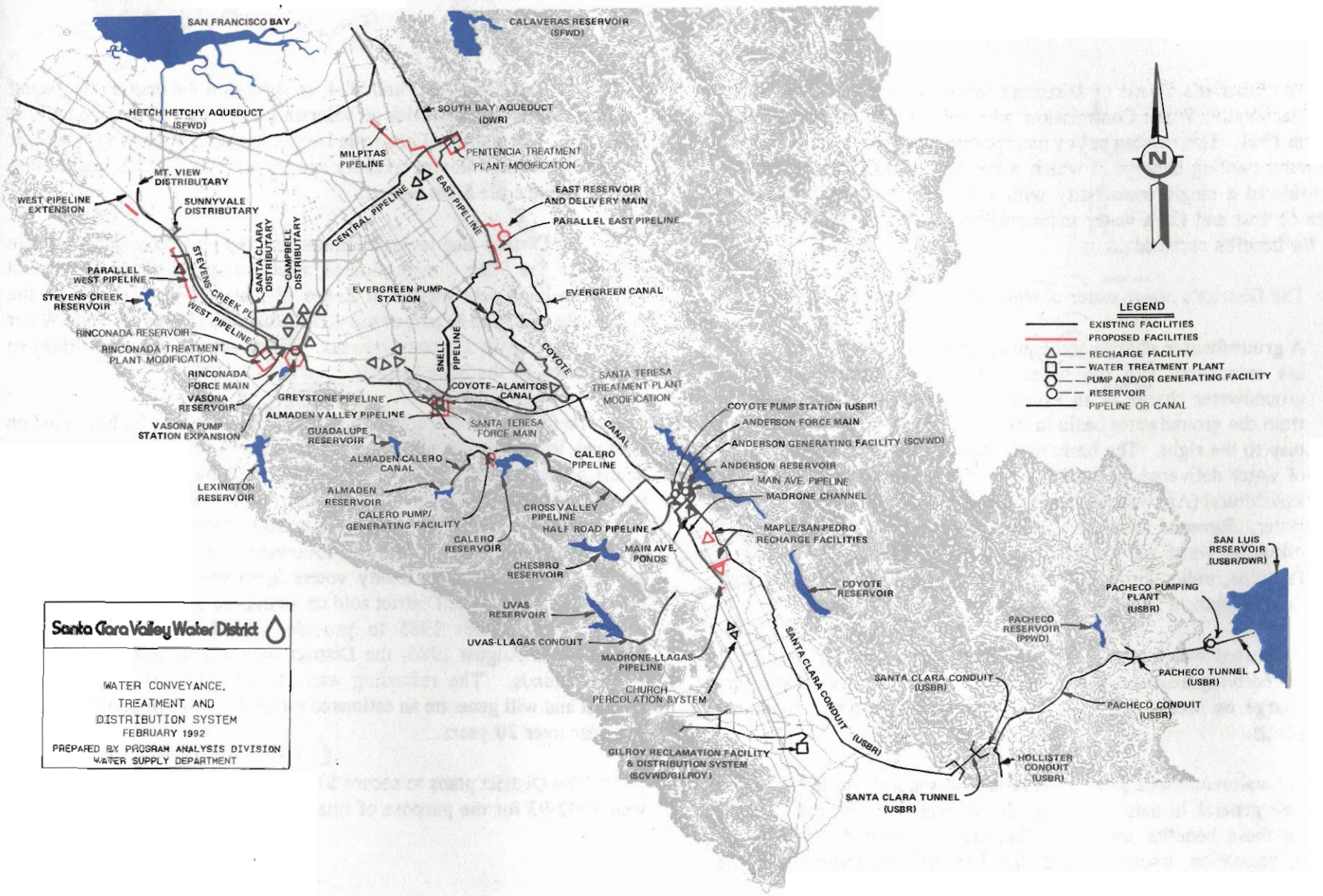
NEW FACILITY CONSTRUCTION PROGRAM FOR THE WATER UTILITY ENTERPRISE

Fiscal Year 1990-91 Through 1997-98



Coyote Dam Outlet Works Completed January 1992 $10,333,000
Mt. View Distributary Completed January 1991 $ 3,346,000

Land Purchase | EIR, Engineer's Report, Design | Construction


SAN FRANCISCO BAY
CALAVERAS RESERVOIR (SFWD)
HETCH HETCHY AQUEDUCT (SFWD)
SOUTH BAY AQUEDUCT (DWR)
MILPITAS PIPELINE
PENITENCIA TREATMENT PLANT MODIFICATION
MT. VIEW DISTRIBUTARY
WEST PIPELINE EXTENSION
SUNNYVALE DISTRIBUTARY
SANTA CLARA DISTRIBUTARY
CAMPBELL DISTRIBUTARY
CENTRAL PIPELINE
EAST PIPELINE
EAST RESERVOIR AND DELIVERY MAIN
PARALLEL EAST PIPELINE
PARALLEL WEST PIPELINE
STEVENS CREEK RESERVOIR
STEVENS CREEK PL
WEST PIPELINE
EVERGREEN PUMP STATION
EVERGREEN CANAL
RINCONADA RESERVOIR
RINCONADA TREATMENT PLANT MODIFICATION
RINCONADA FORCE MAIN
VASONA RESERVOIR
VASONA PUMP STATION EXPANSION
SNELL PIPELINE
COYOTE CANAL
SANTA TERESA TREATMENT PLANT MODIFICATION
COYOTE-ALAMITOS CANAL
GREYSTONE PIPELINE
ALMADEN VALLEY PIPELINE
SANTA TERESA FORCE MAIN
GUADALUPE RESERVOIR
ALMADEN-CALERO CANAL
CALERO PIPELINE
LEXINGTON RESERVOIR
ALMADEN RESERVOIR
CALERO PUMP/ GENERATING FACILITY
CALERO RESERVOIR
CROSS VALLEY PIPELINE
HALF ROAD PIPELINE
CHESBRO RESERVOIR
MAIN AVE. PONDS
UVAS RESERVOIR
UVAS-LLAGAS CONDUIT
MADRONE-LLAGAS PIPELINE
CHURCH PERCOLATION SYSTEM
GILROY RECLAMATION FACILITY & DISTRIBUTION SYSTEM (SCVWD/GILROY)
COYOTE PUMP STATION (USBR)
ANDERSON FORCE MAIN
ANDERSON GENERATING FACILITY (SCVWD)
ANDERSON RESERVOIR
MAIN AVE. PIPELINE
MADRONE CHANNEL
MAPLE/SAN PEDRO RECHARGE FACILITIES
COYOTE RESERVOIR
SANTA CLARA CONDUIT (USBR)
SANTA CLARA CONDUIT (USBR)
SANTA CLARA TUNNEL (USBR)
HOLLISTER CONDUIT (USBR)
PACHECO CONDUIT (USBR)
PACHECO TUNNEL (USBR)
PACHECO RESERVOIR (PPWD)
PACHECO PUMPING PLANT (USBR)
SAN LUIS RESERVOIR (USBR/DWR)
N
LEGEND
EXISTING FACILITIES
PROPOSED FACILITIES
RECHARGE FACILITY
WATER TREATMENT PLANT
PUMP AND/OR GENERATING FACILITY
RESERVOIR
PIPELINE OR CANAL
Santa Clara Valley Water District
WATER CONVEYANCE, TREATMENT AND DISTRIBUTION SYSTEM
FEBRUARY 1992
PREPARED BY PROGRAM ANALYSIS DIVISION
WATER SUPPLY DEPARTMENT

Sources of Revenue

The District's Board of Directors, upon recommendation of the Santa Clara Valley Water Commission, adopted the current water pricing policy in 1971. This pricing policy incorporates two important concepts: (1) a water pooling concept in which water for a given zone of benefit is considered a single commodity with a uniform value regardless of source or cost and (2) a water management concept in which the user pays for benefits received.

The District's major water charges are:

- A **groundwater charge** and equivalent **basic user charge**, which are associated with the benefit of water consumption. The groundwater charge is an excise tax applied to water extracted from the groundwater basin in Zones W-2 and W-5 shown on the map to the right. The basic user charge is applied to other types of water delivered by the District. There are two rates, one for agricultural (Ag) water and one for municipal and industrial (M&I) water. Revenue from these charges pays for the general costs of providing water and for the capital costs of constructing in-county facilities, either through "pay as you go" financing or through debt repayment of bonds and loans.

- A **treated water surcharge**, which is associated with the benefit of receiving treated water. It is levied in addition to the basic user charge on water delivered from the District's water treatment plants.

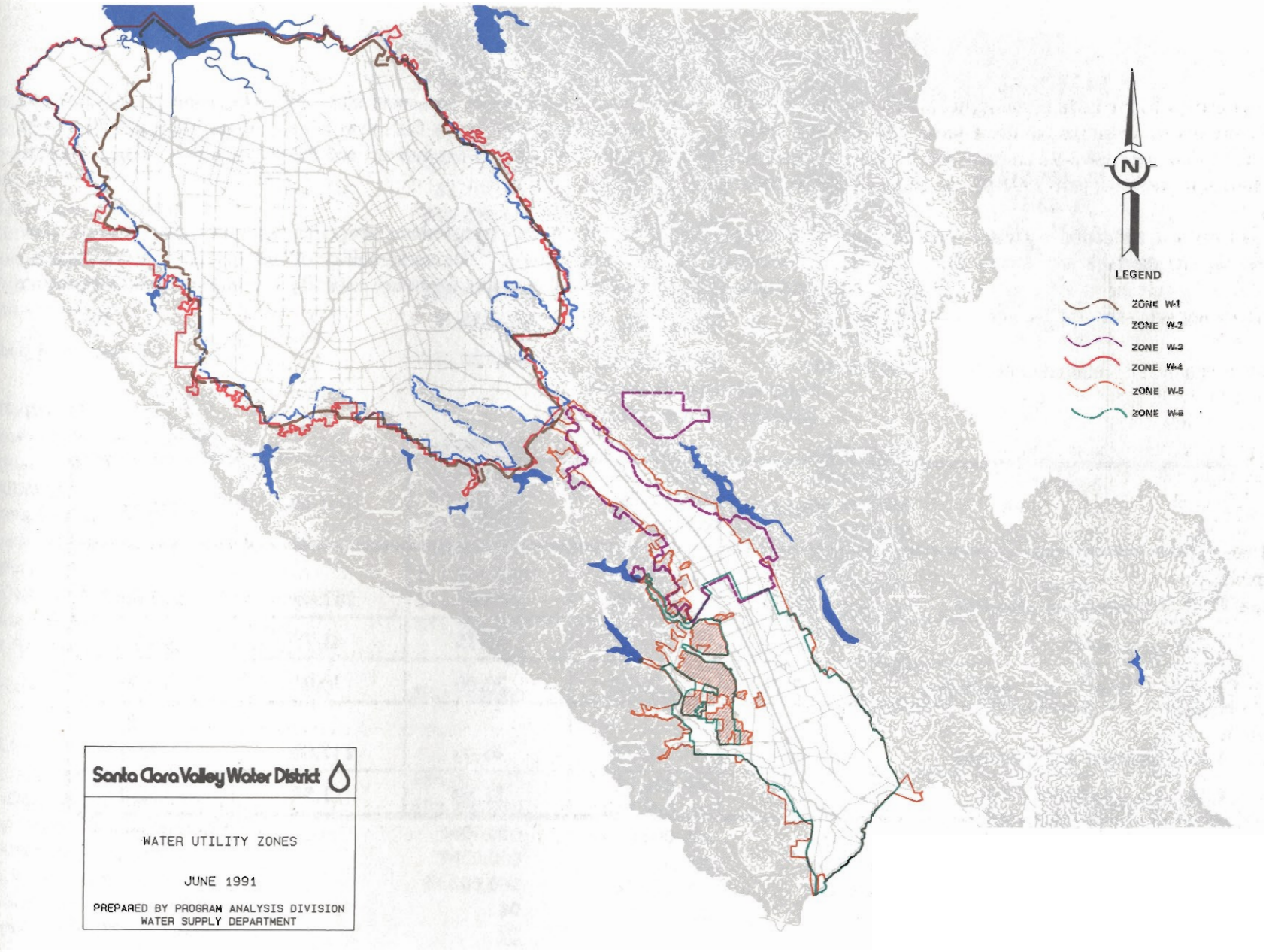
Ad valorem taxes provide revenue to support several benefits which are general in nature serving all or large areas of the County. Some of these benefits are the availability of imported water to the County, recreation associated with the District's reservoirs, and the replenishment of the County's groundwater subbasins.

The District receives a portion of the one percent countywide tax revenues as allocated by the County Assessor based on pre-1978 District tax levies. Tax Zones W-3 and W-4, as shown on the map on the facing page, as well as a countywide ad valorem tax are part of the one percent allocation. The State of California budget has not yet been approved; it is possible that ad valorem taxes for special districts could be reallocated to help balance the State budget.

The District also levies additional ad valorem taxes under Article XIII A of the State Constitution to meet: a) prior approved general obligation bond debt service in Zones W-1 and W-6, as shown on the map to the right and b) part of the contractual obligations for State Water Project water with a countywide tax. These revenues are not likely to be impacted by the State budget.

To fund the construction of new facilities the District has relied on both pay as you go financing and long term debt financing from revenue bonds as authorized by the voters in 1977. The last remaining 1977 authorized revenue bonds were sold in April 1984. In January 1984, State legislation allowed the District to seek electorate authorization to issue revenue bonds as needed following the Board of Directors' approval. Santa Clara County voters approved this authorization in November 1984. The District sold an additional $30 million of revenue bonds in November 1985 to provide needed funding for ongoing projects. In August 1986, the District refunded all outstanding water revenue bonds. The refunding was for $94,935,000 at 6.8 percent interest and will generate an estimated interest savings of about $200,000 per year over 20 years.

The District plans to secure $10 million in revenue bonds in fiscal year 1992-93 for the purpose of financing capital improvements.


N
LEGEND
ZONE W-1
ZONE W-2
ZONE W-3
ZONE W-4
ZONE W-5
ZONE W-6
Santa Clara Valley Water District
WATER UTILITY ZONES
JUNE 1991
PREPARED BY PROGRAM ANALYSIS DIVISION
WATER SUPPLY DEPARTMENT

Summary of

The financial information in the table at the right summarizes the revenues, expenditures, and balances presented in the following pages. Also included is the recorded financial information for fiscal years 1988-89 and 1989-90. The expenditures shown are cash flow expenditures, funds actually spent in that fiscal year. Fiscal year 1992-93 construction contract obligation is the sum of the construction expenditure and the encumbrance balance for that year. Encumbrances from fiscal year 1991-92 are expenditures in fiscal year 1992-93.

This financial picture is a reflection of water management, water supply and use, and capital improvement programs outlined in this report. The continuing water supply shortage and efforts to reduce water use impact the financial picture. The vulnerability of our imported water sources, demonstrated during the current water supply shortages, is contributing to a need for additional planning for future critically dry periods. Also, regulatory compliance is requiring program and facility enhancements.

Water Charges Summary
(Dollars per Acre-Foot)

	1988-89	1989-90	1990-91	1991-92	1992-93
Zone W-2 Basic User Municipal and Industrial	100.00	135.00	175.00	262.00	262.00
Basic User Agricultural	25.00	31.25	43.75	43.75	43.75
The Contract Treated Water Surcharge	95.00	75.00	70.00	70.00	70.00
Zone W-5 Basic User Municipal and Industrial	26.00	39.00	46.00	117.00	117.00
Basic User Agricultural	6.50	9.75	11.50	11.50	11.50

the Financial Picture

	Actual 1988-89	Actual 1989-90	Actual 1990-91	Budget 1991-92	Projected 1992-93
Revenues					
Bond Sales, Loans, Grants	$0	$90,000	$0	$0	$10,000,000
Property Taxes	$15,708,000	$15,079,000	$16,769,000	$17,764,000	$18,952,000
Interest	$7,104,000	$7,232,000	$5,138,000	$2,823,000	$4,442,000
Groundwater Charges	$15,838,000	$10,970,000	$17,346,000	$34,935,000	$30,632,000
Surface Water Charges	$188,000	$150,000	$253,000	$164,000	$165,000
Reclaimed Water	$0	$1,000	$2,000	$1,000	$1,000
Treated Water Sales	$20,112,000	$22,798,000	$23,133,000	$34,860,000	$29,880,000
Miscellaneous	$1,347,000	$2,723,000	$1,727,000	$3,049,000	$2,409,000
Total Revenues	$60,297,000	$59,043,000	$64,368,000	$93,596,000	$96,481,000
Expenditures					
New Facility Construction	$19,295,000	$17,432,000	$8,809,000	$15,541,000	$18,550,000
Administration	$2,375,000	$2,346,000	$3,130,000	$3,189,000	$3,870,000
Planning	$2,375,000	$3,411,000	$6,309,000	$8,485,000	$9,124,000
Construction, General	$1,639,000	$2,205,000	$2,135,000	$5,473,000	$4,339,000
Maintenance	$5,186,000	$7,952,000	$7,220,000	$7,322,000	$8,223,000
Operations	$12,201,000	$13,837,000	$14,984,000	$17,089,000	$18,202,000
Water Purchase	$13,884,000	$17,163,000	$15,886,000	$21,768,000	$15,326,000
Debt Service	$11,188,000	$11,192,000	$11,191,000	$11,147,000	$11,129,000
To Revenue Bond Reserve	$0	$0	$0	$0	$1,029,000
Total Expenditures	$68,143,000	$75,538,000	$69,664,000	$90,014,000	$89,792,000
Balances					
Encumbrances	$14,075,000	$7,402,000	$8,543,000	$10,610,000	$1,962,000
In-County Distribution System	$56,790,000	$46,335,000	$32,663,000	$21,746,000	$6,507,000
San Felipe O&M Appropriation	$400,000	$600,000	$800,000	$1,000,000	$1,150,000
Contingency Appropriation	$450,000	$450,000	$1,000,000	$4,732,000	$4,658,000
Replacement Appropriation	$3,500,000	$3,932,000	$4,306,000	$4,306,000	$4,306,000
Bureau Replacement Appropriation	$0	$0	$6,100,000	$14,600,000	$27,100,000
Supplemental Water Supply	$0	$0	$0	$0	$18,000,000
Total Balances	$75,215,000	$58,719,000	$53,412,000	$56,994,000	$63,683,000

Revenues and Expenditures

The financial picture of the Water Utility Enterprise has been separated into three parts: revenue, expenditures, and year end fund balances.

The major sources of revenue are treated water charges, groundwater charges, taxes, interest, and the proceeds from the sale of bonds. The various components of the total revenue received by the District in fiscal year 1990-91 are shown to the right.

Total annual expenditures are operating and nonoperating costs. Operating costs include labor and contract service for District programs. Nonoperating costs are construction projects and general obligation bond repayment. Purchased water is the amount paid to the state and federal agencies for imported water. Also included is debt service which is the repayment of bonds sold to finance new facility construction. The actual expenditures for fiscal year 1990-91 are shown to the right.

The year-end fund balances, the third element of the financial picture, have been appropriated for specific purposes. The various year-end fund balances include:

1. The **In-County Distribution System Appropriation** which will finance construction of necessary facilities of the In-County Distribution System. This balance may include monies received from bond sales, taxes, water charges and other revenues.

2. The **Contingency Appropriation** which is an amount set aside to meet unforeseen expenditure needs that may arise.

3. The **Replacement Appropriation** which sets aside funds to replace major equipment items at the end of their useful life.

4. **Encumbrances** which consist of appropriations committed but not spent by the end of the fiscal year.

5. The **San Felipe O&M Appropriation** which sets aside funds for extra operations or maintenance on the San Felipe Division.

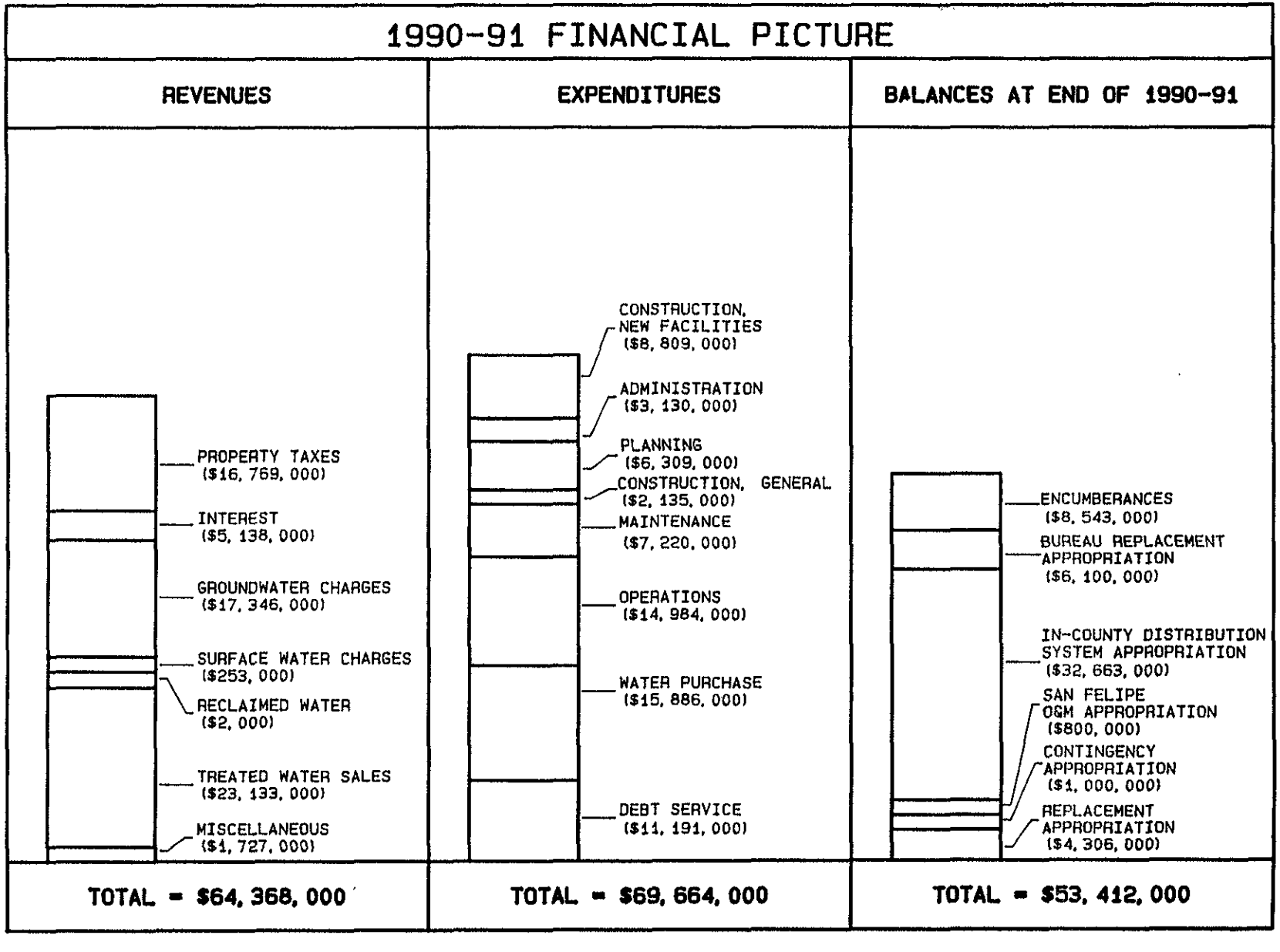
6. The **Bureau Replacement Appropriation** which sets aside funds for repayment of the District's long term obligation to the Bureau of Reclamation above current year water purchases.

7. The **Supplemental Water Supply** which sets aside funds beginning fiscal year 1992-93, to buy water or pursue water transfers when needed.

The revenue bond reserve of $8,917,000 is not shown on these charts because the funds are held by the District's fiscal agent to meet any deficiencies that may occur in meeting the revenue bond debt service. The amount on deposit is equal to the maximum aggregate annual debt service in outstanding revenue bonds.

The available fund balances at the beginning of 1990-91 were $58,708,000. The various 1990-91 ending balances are shown to the right.

for the Recorded Year (1990-91)



Financial Estimates

Revenues, expenditures, and year-end balances for 1991-92 fiscal year as estimated in February 1992 are shown in the chart on the opposite page.

Until July 1991, revenue from groundwater charges and raw surface water sales were collected semi-annually in the month following the six-month period in which the water was used. In July, 1991, the District began collecting revenue monthly from well owners using more than 100 acre feet per year of municipal and industrial groundwater. The 1991-92 revenue projections for groundwater use during the last six months of 1990-91 was $8,195,000. The monthly groundwater revenue is projected to be $26,740,000.

The contract treated water sales revenue for 1991-92 is based on the basic user rate of $262 and the treated water surcharge rate of $70 for a combined rate of $332 per acre-foot.

Estimated revenue from property taxes include income from the one percent allocation ($7,608,000), from debt services taxes ($2,209,000), and from the State Water Project Tax ($7,947,000).

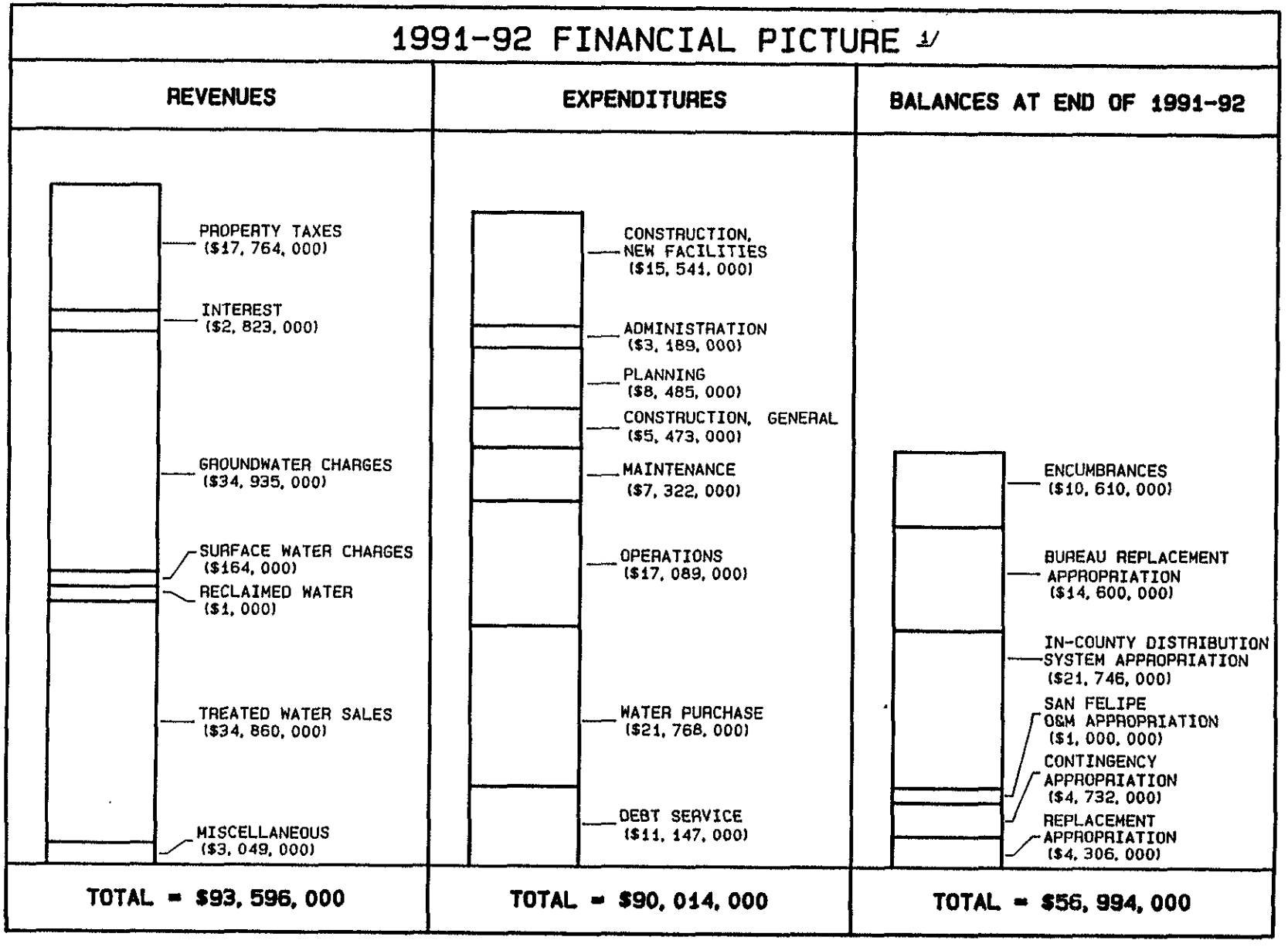
The estimated 1991-92 expenditures are shown in the chart on the opposite page. The construction expenditures are not the total contract amounts. Only the estimated dollars spent (cash outflow) during the year are shown in the chart and discussed on this page as expenditures. The remaining contract amount encumbered for future years' expenditures are included in the year end balances.

The budgeted cost of imported water is $15,000,000 for water from the State Water Project which also included Placer County Water Agency water and the potential for State Drought Emergency Bank water. It is estimated that the actual cost from the State Water Project will be approximately $600,000 less due to reduced deliveries. $5,500,000 is budgeted for water from the San Felipe Division of the federal Central Valley Project. Because the District decided to set aside additional dollars to pay the estimated interest on the District's share of the federal facilities, the total San Felipe cost is $13,620,000.

Major Capital Improvements, Budgeted Expenditures

Project	Fiscal Year 1991-92
Milpitas Pipeline	$9,610,000
Raw Water Control System	1,671,000
Parallel East Pipeline	1,162,000
Disinfection Modifications Pilot Plant	1,010,000
Coyote Dam Outlet Works	2,615,000
Abandonment—Evergreen & Coyote Canal Ext.	424,000
Maple & San Pedro Recharge Facilities	498,000

for the Current Year (1991-92)



1/ ESTIMATED IN JUNE 1992

Financial Projections

Projected revenues for fiscal year 1992-93, are shown on the opposite page. In Zone W-2, the basic user rate is $262.00 per acre-foot for M&I water and $43.75 per acre-foot for Ag water for 1992-93. The treated water surcharge rate for 1992-93 is $70.00 per acre-foot for a total treated water charge of $332.00 per acre-foot. In Zone W-5, the rates for groundwater extractions and raw surface water for 1992-93 are $117.00 per acre-foot for M&I water and $11.50 per acre-foot for Ag water.

The projected revenues from taxes include the County one percent allocation. This may be impacted by the State budget.

Projected expenditures for 1992-93 include costs to operate and maintain the existing facilities, to purchase water from the State Water Project, San Felipe Division, institute water transfers, and to design and build new facilities.

The projected 1992-93 expenditures shown on the opposite page and discussed on this page are anticipated actual expenditures, not contract amounts. Estimated dollars remaining to fulfill outstanding contract obligations are shown as encumbrances at the end of 1992-93.

The cost of the imported water from the State Water Project is estimated at about $10,326,000 in 1992-93. Imported water from the San Felipe Project in 1992-93 is projected to cost $17,500,000 of which $5,000,000 will be paid to the Bureau.

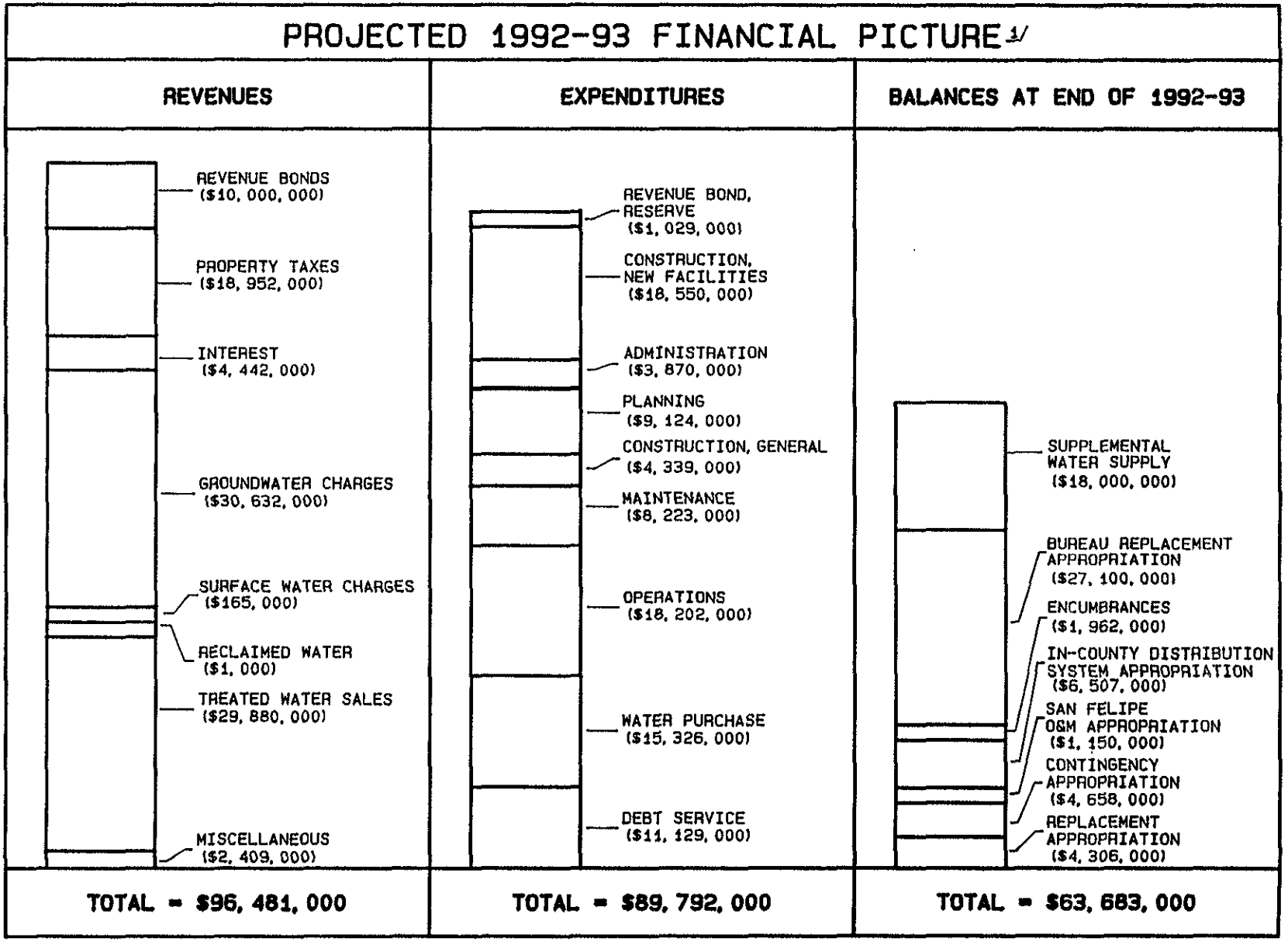
Major Capital Improvements, Projected Expenditures

Project	Fiscal Year 1992-93
Milpitas Pipeline	$6,324,000
Raw Water Control System	806,000
Parallel East Pipeline	947,000
Disinfection Modifications Pilot Plant	3,763,000
Lexington Dam Freeboard Restoration	2,488,000
Maple and San Pedro Recharge Facilities	1,695,000
Water Reclamation	2,905,000

Projected Tax Revenues

Tax	Fiscal Year 1992-93
State Water Project Tax	$8,366,000
Debt Service Taxes	2,192,000
County Allocation of Taxes	8,394,000
Total Tax Revenue	$18,952,000

for the Next Fiscal Year (1992-93)



1/ ESTIMATED IN JUNE 1992

Water Charges

Groundwater charges and equivalent basic user rates which will be levied in 1992-93 in Zone W-2 and Zone W-5 are summarized in Table I and Table II, respectively. The countywide ad valorem State Water Project Tax will be levied to generate $8,366,000.

TABLE I—FOR FISCAL YEAR 1992-93

GROUNDWATER CHARGES AND BASIC USER RATES IN ZONE W-2

Agricultural Water (Ag)	$43.75/Acre-Foot
Nonagricultural Water (M&I)	$262.00/Acre-Foot

TABLE II—FOR FISCAL YEAR 1992-93

GROUNDWATER CHARGES AND BASIC USER RATES IN ZONE W-5

Agricultural Water (Ag)	$11.50/Acre-Foot
Nonagricultural Water (M&I)	$117.00/Acre-Foot

WATER COMPONENTS AND WATER CHARGES
FOR FISCAL YEAR 1992-93

COMPONENTS		CHARGES		
Component	**Rate**	**Type of Charge**	**AG Water**	**M&I Water**
Basic User, Zone W-2		**Groundwater**		
Agricultural	$ 43.75/AF	Zone W-2	$43.75/AF	$262.00/AF
Municipal and Industrial	262.00/AF	Zone W-5	11.50/AF	117.00/AF
Basic User, Zone W-5		**Surface Water**[1]		
Agricultural	11.50/AF	Evergreen Deliveries[2]		N/A
Municipal and Industrial	117.00/AF	Half Road Deliveries[3]	26.00/AF	131.50/AF
		Other Zone W-5 Deliveries[4]	23.25/AF	128.75/AF
Treated Water Surcharge		Other Zone W-2 Deliveries[5]	55.50/AF	273.75/AF
Contract	70.00/AF	Minimum Charge - Zone W-5[6]	87.75/YR	87.75/YR
Noncontract	50.00/AF	Minimum Charge - Zone W-2[7]	196.50/YR	196.50/YR
Water Master	11.75/AF	**Stored Water**		
		Zone W-2	43.75/AF	262.00/AF
Capital Cost		Zone W-5	11.50/AF	117.00/AF
Half Road Lateral System	2.75/AF			
		Treated Water[8]		
		Contract	—	332.00/AF
		Noncontract	—	312.00/AF
		Reclaimed Water		
		Gilroy	20.00/AF	80.00/AF

[1]Surface water charge is the sum of the basic user plus the water master. It also includes the capital cost and power wherever applicable.
[2]Evergreen agricultural delivery charges for 1992-95 equal the 1988-89 rate plus 50 percent of the City of San Jose's wheeling charge. The District no longer delivers M&I water to the Evergreen Area.
[3]Half Road = Basic User (AG or M&I @ $11.50 or $117.00) + Water Master ($11.75) + Capital ($2.75).
[4]Other Zone W-5 Deliveries = Basic User (AG or M&I @ $11.50 or $117.00) + Water Master ($11.75).
[5]Other Zone W-2 Deliveries = Basic User (AG or M&I @ $43.75 or $262.00) + Water Master ($11.75).
[6]Minimum Charge W-5 = 0.75 X Basic User W-5 (M&I @ $117.00).
[7]Minimum Charge W-2 = 0.75 X Basic User W-2 (M&I @ $262.00).
[8]Treated Water Charge is the sum of Basic User ($262.00) and Treated Water Surcharge ($70.00).